

EXHIBIT

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AHTNA Technical Services, Inc.

Contract Employee Handbook

Walberto Villarreal

v.

AHTNA Technical Services, Inc.



Ahtna Technical Services, Incorporated

AHTNA TECHNICAL SERVICES, INC

CONTRACT EMPLOYEE HANDBOOK

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I. INTRODUCTION

1.1 SCOPE OF HANDBOOK

This Employee Handbook ("the Handbook") covers the employees of Ahtna Technical Services, Inc. (hereinafter referred to as ATSI) who work at a contract site, or who are not covered by a Collective Bargaining Agreement or other applicable document.

1.2 PURPOSE

This Handbook has been prepared to inform you about ATSI's philosophy, employment practices; it also includes the benefits provided to you as a valued employee, and the conduct expected from you.

No employee Handbook can answer every question, nor would we want to restrict the normal question and answer interchange between us. It is in our person-to-person conversations that we can better know each other, express our views, and work together in a harmonious relationship.

We hope this Handbook will help you feel comfortable with us. We depend on you – your success is our success. Please do not hesitate to ask questions. Your supervisor will gladly answer them. We believe you will enjoy your work and your fellow employees here. We also believe you will find ATSI a good place to work.

We ask that you read this Handbook carefully and refer to it whenever questions arise. We also suggest that you take it home so your family can become familiar with ATSI and our policies.

ATSI policies, benefits and rules as explained in this Handbook may be changed from time to time as business, employment legislation and economic conditions dictate. If and when provisions are changed, you will be given replacement pages for those that have become outdated. A copy will also be placed on our bulletin boards.

The policies in this Handbook are to be considered as guidelines. ATSI at its option may change, delete, suspend or discontinue any part or parts of the policies in this Handbook at any time without prior notice. Any such action shall apply to existing as well as future employees with continued employment being the consideration between the employer and employee. Only the President/CEO and/or the ATSI Board of Directors are authorized to alter or modify any of the policies in this Handbook. No statement or promise constitutes an agreement with an employee.

Should any provision in this Employee Handbook be found to be unenforceable and invalid, such finding does not invalidate the entire Employee Handbook, but only the subject provision. In cases where any part or provision of this Handbook or application of the policies contained herein is found to be in contradiction to the law, the law will prevail.

This Employee Handbook is an important document intended to help you become acquainted with ATSI. This Handbook serves as a guide; it is not the final word in all cases. Individual circumstances may call for individual attention.

1.3 EMPLOYEE HANDBOOK OBJECTIVES

ATSI considers its employees a major resource. As such, ATSI strives to create a work environment that is fair and equitable to all employees and provides the opportunity for career development and advancement on a merit basis. ATSI believes that it will grow as a for-profit corporation so long as it is able to attract highly qualified and motivated employees and management through competitive salaries and benefits, and retain these employees and management by fair and equitable administration of personnel policies and procedures.

This Handbook contains the statements of ATSI's personnel policies to be followed by all supervisors and employees. Company SOP's may offer specific policy and procedural details that are not found summarized in this Handbook. It is intended to serve as the reference and working guide, in conjunction with the ATSI Standard Operating Procedure Manual, for staff in the day-to-day administration of ATSI.

1.4 RESPONSIBILITY FOR HANDBOOK

The President/Chief Executive Officer has the primary responsibility for interpreting, maintaining, and modifying this Handbook. The President/CEO will obtain Board of Directors approval for any changes or additions to the Handbook. Approved change/additions ATSI will be distributed to all employees once adopted by the Board of Directors. The President/CEO will oversee implementation and distribution of the Handbook.

ATSI reserves the exclusive rights to change, interpret, withdraw or add to any of the policies, benefits or terms and conditions of employment, to the extent permitted by law. This Handbook is to be used as a guide to operations and does not constitute an employment contract or a commitment to employment of a specific duration. ATSI will keep employees informed of changes and encourage employee participation in decisions affecting them.

None of the policies, benefits, or terms and conditions of employment have been or are required to be approved by an employee or employee group.

II. EMPLOYEE CONDUCT

2.1 COMPLIANCE

ATSI administers its employment practices in accordance with applicable State and Federal labor standards established by law.

2.2 EQUAL EMPLOYMENT OPPORTUNITY POLICY

ATSI is an Equal Employment Opportunity (EEO) employer subject to the requirements of Executive Order 11246, as amended, section 503 of the Rehabilitation Act of 1973, as amended, 38 U.S.C. 4212 IF, the Veterans Readjustment Assistance Act of 1974, as amended and 41 CFR 60-1.4. As such, ATSI is committed to the principle that all employees are entitled to equal opportunities in all aspects of employment except initial appointment as stated below. Specifically, all employees will be afforded equal consideration for promotions, transfers, reassignments, career development opportunities, employee benefits and all other aspects of employment related activities. These decisions will be based on established merit principles of performance and qualifications without regard to age, race, gender, religion, marital or pregnancy status, color, national origin, veteran status or disability.

2.3 ALASKA NATIVE/AMERICAN INDIAN HIRING PREFERENCE

Pursuant to the Alaska Native Claims Settlement Act (ANCSA) of 1971, and its amendments and as may be provided for and allowed by the Indian Self-Determination Act of 1974, P.L. 93-638, or other state and federal laws, ATSI maintains a hiring preference for Alaska Natives and American Indians.

This preference is exercised only in initial appointments and will only apply in the case where there are equally rated candidates for a position. An equally qualified Alaska Native/American Indian candidate shall be given preference over an equally qualified non-Alaska Native/American Indian candidate.

In all other respects, our policy is to select, place, train, and promote the best qualified individuals based upon relevant factors such as work quality, attitude, and experience, so as to provide equal employment opportunity for all our employees in compliance with applicable local, state and federal laws.

2.4 AT WILL EMPLOYMENT

All employees of ATSI are "at-will" employees. This means that you are free to resign your employment with ATSI at any time, for any reason, with or without notice, and with

or without cause. Similarly, you are employed at the will of ATSI and your employment is subject to termination by ATSI at any time, for any reason, with or without notice and with or without cause.

Absent a valid Directors' resolution, no representative of ATSI is authorized to modify this "at will" employment policy for any employee or to enter into any agreement oral or written contrary to this policy.

2.5 HARASSMENT, INTIMIDATION, RETALIATION, OR DISCRIMINATION

It is the policy of ATSI that harassment, intimidation, retaliation or discrimination is expressly prohibited and will not be tolerated in any form.

For purposes of this policy, the following definitions apply:

- Harassment: Unwelcome verbal or physical conduct toward a person that adversely and unreasonably affects the employment relationship or working environment.
- Intimidation: Conduct or actions with the intent or purpose of generating fear in an employee or preventing or discouraging him/her from engaging in legally protected activities.
- Retaliation: An adverse employment action taken to deter or punish an individual for engaging in protected activity.
- Discrimination: Treating a person or class of persons differently than similarly situated people based on protected status. Protected status includes race, color, religion, gender, sexual orientation, national origin, age, disability, or veteran status.

2.5.1 Sexual Harassment

In addition to prohibiting other forms of harassment, Ahtna maintains a strict policy prohibiting sexual harassment. All such harassment is unlawful and will not be tolerated. Ahtna is committed to taking all reasonable steps to prevent sexual harassment from occurring.

2.5.1.1 Definition of Sexual Harassment

Federal law defines sexual harassment as unwanted sexual advances, requests for sexual favors, or visual, verbal or physical conduct of a sexual nature when:

- (1) submission to such conduct is made a term or condition of employment;
- (2) submission to or rejection of such conduct is used as a basis for employment decisions affecting the individual; or
- (3) such conduct has the purpose or effect of unreasonably interfering with an employee's work performance or creating an intimidating, hostile or offensive working environment.

The above definition includes many forms of offensive behavior. The following is a partial list:

- Unwanted sexual advances;
- Offering employment benefits in exchange for sexual favors;
- Making or threatening reprisals after a negative response to sexual advances;
- Visual conduct: leering, making sexual gestures, displaying of sexually suggestive objects or pictures, cartoons or posters;
- Verbal sexual advances or propositions, verbal abuse of a sexual nature, graphic verbal commentary about an individual's body, sexually degrading words to describe an individual, suggestive or obscene letters, notes or invitations; or
- Physical conduct: touching, assaulting, impeding or blocking movements.

It is unlawful for males to sexually harass females or other males, and for females to sexually harass males or other females. Sexual harassment on the job is unlawful whether it involves coworker harassment, harassment by a supervisor or manager, or harassment by persons doing business with or for Ahtna.

2.5.1.2 Procedure for Complaint

ATSI's complaint procedure provides for an immediate, thorough and objective investigation of any unlawful harassment claim, appropriate disciplinary action against one found to have engaged in prohibited harassment, and appropriate remedies for any victim of harassment. An employee may have a claim of harassment even if he or she has not lost a job or some economic benefit.

If you believe you have been harassed on the job, or are aware of the harassment of others, you should report the matter to your supervisor or Human Resources. The complaint should include details of the incident(s), the names of the individuals involved, and the name of any witness. All incidents of harassment that are reported will be investigated.

If ATSI determines that unlawful harassment has occurred, we will take immediate action appropriate to the circumstances. Appropriate action will also be taken to deter any future harassment.

ATSI's policy and the law prohibit retaliation against any employee by another employee or by the Company for using this complaint

procedure or for filing, testifying assisting or participating in any manner in any investigation, proceeding or hearing conducted by a federal or state enforcement agency. Additionally, ATSI will not knowingly permit any retaliation against any employee who complains of unlawful harassment or who participates in an investigation. ATSI policy and the law prohibit retaliation against any employee who opposes unlawful harassment.

Any report of retaliation by the one accused of harassment or by coworkers, supervisors or managers, will also be immediately, effectively and thoroughly investigated in accordance with the investigation procedure outlined above. If a complaint of retaliation is substantiated, ATSI will take appropriate disciplinary action, up to and including discharge.

Any employee of ATSI, whether coworker, supervisor or manager, who is found to have engaged in unlawful harassment is subject to disciplinary action. An employee, who engages in unlawful harassment, including any manager who knew about the harassment and took no action to stop it, may be held personally liable for monetary damages. ATSI will not pay damages assessed personally against an employee.

For more information, contact Human Resources. You may also contact the nearest office of the AHRC or the EEOC, as listed in the telephone directory.

2.5.2 Worker's Compensation Discrimination Policy

ATSI will not discriminate in hiring, promotion, or retention policies or practices against an employee who has in good faith filed a claim for or received benefits under the Alaska Worker's Compensation Act. The provisions of this act, including AS 23.30.247, are expressly incorporated as part of the policy stated herein.

2.6 IMMIGRATION LAW COMPLIANCE

Upon becoming employed with ATSI, Federal regulations require that all new employees need to present documents that demonstrate their eligibility to work in the U.S.

2.7 STANDARD OF CONDUCT

You are expected to conduct yourself at all times in a manner befitting your status as an employee of ATSI. You must refrain from any action and avoid any kind of public pronouncement that reflects adversely on the legitimate function of ATSI business.

Employees shall exercise the utmost discretion in regard to all matters of official business and records.

As a supplier of professional services, ATSI expects its employees and representatives to adhere to the highest principles of ethical conduct. The services provided by ATSI employees and representatives require honesty/truthfulness, integrity, quality, good citizenship, respect, fairness, and responsibility/accountability. ATSI employees and representatives must also be dedicated to the protection of the public's health, safety and welfare.

2.7.1 Business Gifts and Solicitations

As a representative of ATSI, you must be very aware of appearances, and not contribute to or participate in any impropriety. The primary rule to remember regarding business gifts and gratuities is that they must not influence, nor appear to influence, the recipient's judgment. You may not offer or accept any personal gift, entertainment, favor or gratuity from competitors, suppliers, potential suppliers or customers, except those of such limited nature and value that no appearance of impropriety or influence would be the result. It is important that if the gift were publicly disclosed, it would not cause embarrassment to the Company, the giver or to you.

Exceptions may be made, under certain circumstances, such as when attendance at the meeting or event is business-related and the expense would be paid by the Company, as a reasonable business expense, if not paid by another party. You may not give or offer to give any entertainment, gift, favor, or gratuity to any government official, even if lawful, if the action might be construed as an attempt to influence a government decision in any matter affecting the Company.

2.7.2 Employee Solicitations

Unauthorized solicitation of employees or by employees on the premises is prohibited.. Authorized solicitation for contributions may be made with prior approval of the Project Manager or Site Supervisor so long as the amount given by individuals is undisclosed and no pressure is made on any individual to contribute. However, such solicitations should be minimized.

2.8 WORKPLACE VIOLENCE

ATSI is committed to providing you a safe, healthful workplace that is free from violence or threats of violence. For purposes of this policy, workplace violence is any violent or potentially violent behavior that arises from or occurs in the workplace that affects Company employees.

Individuals who engage in violent or prohibited behavior (see below) may be removed from the premises, and may be subject to dismissal or other disciplinary action, arrest and/or criminal prosecution. Employee may be placed on administrative leave until an investigation can be completed.

The Company takes reports of threatening or violent workplace incidents seriously. Employees, supervisors and managers are expected to report actual or alleged incidents of violence in the workplace to the Human Resources Department immediately.

2.8.1 Prohibited Behavior

ATSI does not tolerate behavior, whether direct or through the use of Company facilities, property or resources that:

- Is violent;
- Threatens violence;
- Harasses or intimidates others;
- Interferes with an individual's legal rights of movement or expression; or,
- Disrupts the workplace, or the Company's ability to provide service to the public.

Violent or threatening behavior can include, but is not limited to, physical acts, oral or written statements, harassing telephone calls, gestures and expressions or behaviors such as stalking, violent horseplay or "joking around."

2.8.2 Reporting Requirements

All Company employees must cooperate to maintain a safe work environment. Individuals should report to their supervisor any incidents of violent, threatening, harassing, or intimidating behavior in the workplace, whether or not those involved are Company employees.

In addition, employees who are subject to, or apply for, restraining orders must disclose this to their supervisor or Human Resources.

2.8.3 False Information

Willfully submitting false or misleading information for any purpose will result in immediate dismissal.

2.9 ENVIRONMENTAL, HEALTH AND SAFETY

ATSI is committed to maintaining a safe and healthy work environment for all employees and volunteers. Occupational safety and health programs are your responsibility, not just the Company's. Accidents or health related exposures should be immediately reported to

your supervisor. ATSI may periodically employ, assign an employee, or establish a committee to inspect safety practices and equipment in the work place.

2.9.1 Injuries

Regardless of the nature or severity, all injuries/accidents while on the job must be reported promptly to a supervisor or site manager and the appropriate forms completed. Any employee who fails to report an injury/accident will be subject to disciplinary action and may be subject to discharge.

2.10 ALCOHOL AND DRUG FREE WORKPLACE

ATSI is committed to maintaining a safe, healthy and productive work environment. Being under the influence of a drug or alcohol on the job poses serious safety and health risks to the user and to all those who interact with the user. The manufacture, use, sale, purchase, transfer or possession of an illegal drug in the workplace, and the manufacture, use, possession, or being under the influence of alcohol also poses unacceptable risks for safe and efficient operations.

2.11 SMOKE FREE WORKPLACE

ATSI complies with all applicable federal, state and local regulations regarding smoking in the workplace and promotes productivity and the well being of its employees.

ATSI recognizes that smoking in the workplace can adversely affect employees. Accordingly, smoking is restricted at all of its facilities. Smoking is prohibited inside of all ATSI facilities. This includes common work areas, classrooms, conference and meeting rooms, private offices, hallways, lunch/break rooms, stairs, restrooms, employer owned or leased vehicles, and all other enclosed facilities. The smoking policy applies to employees, customers, and to visitors while on Company premises.

It is the policy of ATSI to respect the rights of both the non-smoker and the smoker in Company buildings and facilities. When these rights conflict, management and ATSI employees should endeavor to find a reasonable accommodation. When such an accommodation is not possible, the rights of the non-smoker shall prevail.

2.12 OPEN DOOR POLICY

ATSI has adopted an Open Door Policy for all employees. The purpose of our open door policy is to encourage open communication, feedback, and discussion about any matter of importance to you.

If any area of your work is causing you concern, you have the responsibility to address your concern with a manager. Whether you have a problem, a complaint, a suggestion, or an observation, your Company managers want to hear from you. By listening to you,

the Company is able to improve, to address complaints, and to foster employee understanding of the rationale for practice, processes, and decision.

No matter how you approach your problem, complaint or suggestion, you will find managers at all levels of the organization willing to listen and to help bring about a solution or clarification.

No employee shall be offered a written contract of employment unless the contract is first presented to and approved by the ATSI Board of Directors.

2.13 USE OF COMPANY PROPERTY

The protection of ATSI business information, property and all other ATSI assets are vital to the interests and success of the Company. No ATSI-related information or property, including without limitation: computers, documents, files, records, computer files, equipment, office supplies, uniforms, equipment, automobiles or similar materials (except in the ordinary course of performing duties on behalf of ATSI) may, therefore, be removed from ATSI's premises. You are expected to exercise care in the use of Company property and to use such property only for authorized purposes. Loss, theft, or damage should be reported to your supervisor at once. In addition, when you leave ATSI, you must return any ATSI-related information and property that you have in your possession, including information stored on a personal computer or on a computer disc, supplies, and equipment or office supplies, upon request, within twenty-four (24) hours. Negligence in the care of and use of Company property is a serious offense and will result in appropriate disciplinary action, up to and including termination.

ATSI's equipment, such as the e-mail, voice mail, computer system, telephones, postage, facsimile, copy machines, etc. are limited solely to appropriate business use. You are not allowed to use these materials for personal benefit. You are strictly forbidden from installing personal software on the computer system.

2.13.1 Use of Computer Resources

Voice mail, email, and Internet usage assigned to an employee's computer or telephone extensions are solely for the purpose of conducting Company business. Some job responsibilities at the Company require access to the internet and the use of software in addition to the Microsoft Office suite of products.

2.13.2 Internet/Email Usage

Email is to be used for Company business only. Company confidential information must not be shared outside of the Company, without authorization, at any time. You are also not to conduct personal business using the Company computer or email. Please keep this in mind, also, as you consider forwarding non-business emails to associates, family or friends. Non-business related emails waste Company time and attention.

Internet use, on Company time, is authorized to conduct Company business only. Internet use brings the possibility of breaches to the security of confidential Company information. Internet use also creates the possibility of contamination to our system via viruses or spyware. Spyware allows unauthorized people, outside the Company, potential access to Company passwords and other confidential information.

Removing such programs from the Company network requires IT staff to invest time and attention that is better devoted to progress. For this reason, and to assure the use of work time appropriately for work, we ask staff members to limit Internet use.

Under no circumstances may any software or computer program of any kind be loaded or downloaded from the internet without Corporate IT approval. If you wish to obtain additional software necessary to perform the functions of your position, please contact your immediate supervisor with your request.

Additionally, under no circumstances may Company computers or other electronic equipment be used to obtain, view, or reach any pornographic, or otherwise immoral, unethical, or non-business-related Internet sites. Doing so may lead to disciplinary action, up to and including termination of employment.

Any emails that discriminate against or harass any employees of any protected classification including race, gender, nationality, religion, and so forth, will be dealt with according to the harassment policy.

2.13.3 Company Owns Employee Email and Electronic Files

Keep in mind that the Company owns any communication sent via email or that is stored on company equipment. Management and other authorized staff have the right to access any material in your email or on your computer at any time. Please do not consider your electronic communication, storage or access to be private if it is created or stored at work.

2.13.4 Bulletin Boards

Bulletin boards are reserved for the use of the company for posting work-related notices or notices that must be posted pursuant to local, state, and federal law. Occasionally, ATSI will post special notices and information for employees on the bulleting boards. Please check the boards regularly for such notices. ATSI employees working on-site for ATSI clients are expected to abide by the rules of the client regarding bulletin boards.

2.13.5 Stealing, Destroying Property

Stealing, willfully destroying or damaging any company property, the property of a client or the property of any employee will not be tolerated and may result in disciplinary action, up to and including termination of employment.

Surplus company material may only be disposed of with the prior approval of an ATSI officer. Written approval must be granted authorizing the sale to the intended recipient and stipulating the sale price. Approval by the ATSI Board of Directors may be required for the sale of substantial assets.

2.13.6 Operating A Vehicle On Company Business

On occasion, you may be required to operate a company or privately-owned vehicle on company business. All employees, regardless of driving status, are required to read the Vehicle Operation Manual and acknowledge receipt of said manual. You will assume responsibility for the safe and authorized use of the vehicle or equipment and only employees possessing a current valid driver's license will be granted permission to use Company vehicles.

In addition, any use of a vehicle, either private or Company-owned, for Company business is subject to prior approval based on the conditions of the Vehicle Operation Manual being met. Submission of proper records, including proof of insurance and a current driving record, must occur prior to approval being granted.

You shall be responsible for any traffic violations, including parking infractions, incurred while operating a company vehicle. Upon hire and annually thereafter, you must obtain a copy of your driving record to submit to Human Resources. The record is reviewed to ensure that every driver meets acceptable criteria. Employees who do not meet the criteria will not be allowed to drive on Company business.

You are required to report all moving violations to your supervisor within 24 hours. This requirement applies to violations involving the use of any vehicle (Company, personal or other) while on Company business. Failure to report violations will result in appropriate disciplinary action, up to and including termination of employment.

2.13.7 Telephone Usage

Any personal call that you make at work should be infrequent and as brief as possible. Whenever possible, you should make personal calls during lunch breaks or on your own time. Any personal long distance calls must be made with a calling card and may not be charged to the Company. In addition, your supervisor may ask you to account for business-related long distance calls made on your phone.

2.13.8 Company Provided Cellular Phones

ATSI provides cellular ("cell") phones to employees for official Company business. In some cases, supervisors may authorize occasional use for personal calls provided it does not interfere with Company business or assigned duties and is not related to outside business activities.

You must use great caution when using communication equipment (cellular telephones, two-way radios, etc.) while operating vehicles and equipment. When possible, pull over to the side of the road and bring the vehicle to a safe stop out of traffic to respond to or initiate communications. If it is not possible to stop, you are strongly encouraged to utilize hands-free technology devices (speaker settings or an earpiece) while seeking a safe place to stop the vehicle.

2.13.9 Use Of Company Accounts And Loans

The use of ATSI accounts for personal purchases is prohibited and subject to disciplinary action. In addition, the Company shall not loan nor shall an employee borrow money from the Company. Occasionally, the Company may forward-fund an educational expense or other business-driven purchase. These occasions are carefully controlled through the use of accounting forms and procedures. If you have a Company-supported business need for this type of assistance, please see your supervisor, who will contact the VP, Finance for approval.

2.13.10 Inventions and Patents

All inventions conceived and developed during your employment shall remain the property of ATSI. All inventions and associated patents created by the use of Company equipment, supplies, facilities or trade secrets information that was used or that relate to the business of ATSI or to its actual or demonstrably anticipated research or development or that result from any work performed by you for the Company shall be the property of ATSI. ATSI shall have perpetual royalty-free license to make, use and sell products embodying such inventions or produced by a means of such inventions.

2.14 CONFIDENTIAL INFORMATION

Your employment with ATSI may require you to work with information that requires confidentiality, even after you leave our employ.

Any violation of confidentiality seriously injures ATSI's reputation and effectiveness. Therefore, do not discuss ATSI confidential information with anyone who does not work for us, and never discuss confidential information with anyone who does not have a direct association with the transaction. If you hear, see or become aware of anyone else breaking this trust, consider what they might do with information they get from you. Report your concern immediately to your supervisor, or to Human Resources. If you are questioned by anyone outside ATSI or your department and you are concerned about the appropriateness of giving certain information, remember that you are not required to answer and that we do not wish you to do so. Instead, as politely as possible, refer the request to your supervisor or to the President/CEO.

No one is permitted to remove or make copies of any ATSI records, reports or documents without prior management approval.

Because of its seriousness, disclosure of confidential information is grounds for disciplinary action, up to and including termination of employment.

2.15 DRESS CODE

During normal business hours and while representing ATSI, you must adhere to the uniform policy to reflect both your professionalism and ATSI. The Company's objective in establishing this dress code is to enable you to project a professional image while still experiencing the comfort advantages of more casual and relaxed clothing.

ATSI will supply five (5) sets of uniforms to each employee annually. Will this apply to all ATSI staff or limited? Replacement uniforms are available if the uniform becomes unserviceable through normal wear and tear. Laundering of the uniforms is your responsibility. For positions that require outdoor work, ATSI will supply one set of outdoor gear. This applies to safety, QC and food service. Appropriate safety shoes will either be supplied to employees who work in positions where protective footwear is required, or, in lieu thereof, will reimburse you for the cost of the footwear (\$75.00 for boots, if required, or \$50.00 for shoes) upon receipt of proof of purchase. How will this be handled and who will it apply to?

Because all clothing is not suitable for the workplace, these guidelines will help you determine what is appropriate to wear to work. Clothing that works well for the beach, yard work, dance clubs, exercise sessions, and sports contests is not appropriate for a professional appearance at work. Clothing that reveals excessive cleavage, back, chest, feet, stomach or undergarments is not appropriate for a business setting. Even in a casual work environment, clothing should be pressed. Torn, dirty or frayed clothing is unacceptable.

Hair must be well-trimmed and neat, no offensive body odor or excessive fragrances should be present to offend customers or co-workers. Traditional visible jewelry, such as earrings, necklaces, rings, tie pins and bracelets are acceptable. When representing the Company to customers, outside vendors, and other members of the public, uniforms are to be worn. Some examples of unacceptable appearance or attire include:

- clothing with ragged edges or hanging strings/fringes;
- transparent clothing without proper undergarments;
- beach or other sport-related clothing (halter tops, shorts, etc.); and
- visible tattoos or other attached body art or jewelry, other than in the ears.

Any clothing that has words, terms or pictures that may be offensive to other employees is unacceptable. This includes images that are political or religious in nature, are sexually provocative, use profanity or are insulting of other employees. Clothing that has the

Company logo is mandatory. Use common sense when wearing clothing that has words on it; people are easily offended by words.

Employees who report for duty dressed inappropriately will be required to take personal leave to return home and change into uniforms. Repeated incidents will be documented in the employee's Personnel File and may result in disciplinary action.

2.16 OUTSIDE EMPLOYMENT

Contract non-exempt employees may obtain outside employment only when it is demonstrated that it does not adversely affect their performance. Exempt positions are prohibited to work outside ATSI employment due to their "on-call" status.

Criteria for approval includes employment that:

- Will not adversely affect employee's performance;
- Will not imperil confidential or proprietary information;
- Will not be in competition with ATSI, Ahtna Inc., or another subsidiary; and
- Will not cause harm to ATSI, Ahtna Inc. or another subsidiary.

Failure to obtain prior approval will result in disciplinary action and/or may result in termination of employment.

If the non-exempt employee is unable to maintain a high performance standard at ATSI as a result of his/her outside employment, the permission to work at the outside job may be rescinded or the employee may be subject to disciplinary action including possible termination.

ATSI will not pay medical benefits for injuries or sickness resulting from employment at an outside job.

2.17 VOTING AND POLITICAL ACTIVITIES

ATSI encourages you to accept the personal responsibility of good citizenship. You are encouraged to vote and participate in civic and political activities in accordance with your interests and abilities. Such participation must not interfere, however, with the satisfactory performance of your duties. You may be granted leave with pay for a maximum of two hours for voting purposes, provided that you are unable to vote either before coming to work or after leaving work. You must request unpaid leave from your Site Manager or Supervisor at least two working days in advance in order to arrange a voting time.

You must use discretion when discussing politics within your work environment out of respect for others that may not share the same views.

2.18 EXPENSE REPORTS

Expense reports must be submitted to your supervisor on a monthly basis. Expense reports are to be approved by the appropriate Project Manager for the job-chargeable items before reimbursement will be made. Expense reports are the only documents from which reimbursable expenses can be determined for issuing expense checks. Expense reports must be submitted within 5 days of any business related travel or by the fifth of the month following the expense. You are responsible for ensuring that all expense entries are correct and complete, totals are accurate, receipts are attached and the report is signed. All expense reports must state the business purpose of the expenditure for which reimbursement is sought.

2.19 DISCIPLINE

The purpose of discipline is to attempt to establish a situation where the errant employee will be encouraged to correct (not just improve) the problem concerned. This is referred to as **CORRECTIVE COUNSELING**, which offers the greatest opportunity for both the employee and the supervisor to work out a satisfactory resolution to the problem.

Under normal circumstances, ATSI endorses a policy of progressive discipline in which it attempts to provide employees with notice of deficiencies and an opportunity to improve. ATSI does, however, retain the right to administer discipline in any manner it sees fit. This policy does not modify the status of employees as employees-at-will or in any way restrict ATSI's right to bypass the disciplinary procedures suggested.

The steps of progressive discipline are outlined below for general reference. ATSI reserves the right to skip one or more steps in response to the seriousness of a situation.

1. Personal Conference and Verbal Warning
2. Personal Conference and Written Warning
3. Formal Conference and Suspension
- ~~3.~~ 4. Termination

2.20 CONFLICT RESOLUTION

It is in the best interest of ATSI to be responsive to all problems and complaints. The major objectives are:

1. To provide a fair and objective process for the handling of complaints

2. To provide for the timely handling of complaints
3. To provide a process for resolving complaints on an informal basis, if possible
4. To provide a formal process for resolving complaints if the informal process is unsuccessful
5. To provide a process for decisions regarding complaints to be made at the lowest management level possible
6. To provide a procedure for employees to appeal discipline or adverse actions taken against them

2.20.1 Employee Complaints

Any employee who feels they have a problem or grievance regarding their employment is expected to discuss and hopefully resolve the problem or grievance with their immediate supervisor. The immediate supervisor is responsible for investigating the employee's grievance and responding within a timely manner. If the problem is not resolved satisfactorily, the employee should discuss the problem with the next level of supervision.

If the problem or concern involves your immediate supervisor and you are reluctant to discuss it with him or her, you should feel free to discuss the problem or concern with the next level of supervision. If the problem or concern involves the President/CEO, you should bring your grievance to the Chairman of the ATSI Board of Directors.

2.20.2 Informal Process

Once the supervisor receives a complaint he/she will contact the complainant personally to discuss the complaint in detail. Specifically, the supervisor will obtain from both parties:

- Specifics regarding the complaint
- Facts as opposed to rumor, generalities, etc.
- Specific resolution(s) sought by the complaint

If the problem is not resolved satisfactorily, at this level, the employee should contact the next level of supervision (or Chairman of the Board of Directors if the grievance concerns the President/CEO) who will attempt to resolve the problem through the formal processes detailed below.

These procedures do not apply to employees covered by valid existing union agreements that have negotiated grievance procedures.

ATSI will attempt to deal with its employees on a fair and reasonable basis, however, all decisions by ATSI regarding disciplinary matters are final and binding.

2.20.3 Formal Process

It is anticipated that a high percentage of complaints and grievances will be resolved through the informal process outlined above. It is recognized, however, that some will not be. If the complainant is not satisfied with the solution proposed through the informal process, he/she may file a formal complaint with the President/CEO. The complaint should be reduced to writing stating as many facts and specifics as possible. The complaint should also include the collective action or remedy that is being sought.

After a review of the facts and other pertinent information, the President/CEO will notify all parties, in writing, of the final findings.

2.20.4 Complaint Referrals

If any employee of ATSI receives a complaint, they should immediately refer the complaint (or the complainant) to the President/CEO for review. Upon reviewing the complaint, the President/CEO will personally process the complaint or forward the complaint to the appropriate supervisor for processing.

2.20.5 Non-Personnel Related Complaints

Occasionally, ATSI receives complaints that are not related to employment. These matters will be handled in much the same manner described above, (i.e. informal process, formal process, and final decisions at the lowest management level possible). Non-personnel related complaints should be submitted to the Human Resources Department for referral to the appropriate department, or to the President/CEO.

It is important to note, however, that management cannot deal effectively with rumor, innuendo or generalities. In order to handle complaints, management must have sufficient information in the form of facts, etc., and recommended solutions or corrective actions.

III. CONDITIONS OF EMPLOYMENT WITH ATSI

3.1 POSITION AUTHORIZATION

The staffing of ATSI is a function of the President/CEO and will be carried out under the guidelines of creating and developing an appropriate organization and staff to accomplish contract provisions as approved by the ATSI Board of Directors. Toward this end, the President/CEO may periodically define or approve organizational changes that might require new positions.

3.2 POSITION CLASSIFICATION

Positions shall be placed into salary ranges based upon job content. Each position will be evaluated by the President/CEO to determine the relative amount of required skills, mental effort and responsibility contained. This evaluation will be used to determine the salary range assignment. Employees have the right to appeal their position evaluation. All position evaluation appeals shall be made through the supervisor to the President/CEO.

3.3 POSITION DESCRIPTIONS

All positions within the Company will have a detailed Position Description prepared to include, but not limited to the following:

- Position purpose
- Reporting relationships
- Level of direction
- Supervision exercised
- Specific duties and responsibilities
- Performance standards
- Travel requirements (if appropriate)
- An organization chart showing the new position and its relation to other positions within the department

The President/CEO has final authority to establish the salary range for the position.

You will be provided with a copy of the description for your position at the time of hire. Your supervisor shall review descriptions at least annually and suggest any changes to be

made to assure that the description accurately reflects the position duties. You have the right to request your supervisor review your position description at any time.

3.4 RECRUITING AND HIRING

All recruitment and hiring is coordinated through the Human Resources Department with approval from the President/CEO. To be considered, all applicants must submit a completed ATSI employment application form that may be supplemented by a resume, transcripts, or references as deemed appropriate by the applicant.

ATSI recruits, hires, transfers, and promotes within the scope of the Affirmative Action and Equal Employment Opportunity guidelines. Where possible, ATSI promotes from within, giving employees opportunities for advancement within the Company, while at the same time, recognizing our employees' ever-growing skills and competencies within their field of expertise. Eligible employees (those who have been in their current position for one year) can only apply for those posted jobs for which they possess the required skills, competencies, and qualifications.

Subject only to Alaska Native and American-Indian preference, ATSI recruits and hires based solely upon qualifications, without regard to an employee's or applicant's status as a member of a protected class. Recruitment notices are made available both within the organization, by way of notices, emails, etc., and outside of the company, through various recruiting sources and other professional relationships. Employees are encouraged to recommend individuals for employment, and to promote the company to their friends and family members who might be interested in joining ATSI.

3.5 ANNIVERSARY DATE

The date employment begins for regular full-time or part-time employees will be the official anniversary date that is used to compute vacation allowances and other benefits.

3.6 EMPLOYMENT OF RELATIVES

ATSI does not prohibit the employment of members of the same family. However, no employee may hire or directly supervise another immediate family member. Definition of immediate family includes: father, mother, son, daughter, brother, sister, spouse (or a person with whom the hiring authority or supervisor is cohabiting), aunt, uncle, grandfather, grandmother, grandson, granddaughter (including half and step relationships). ATSI reserves the right to take action if a potential or actual conflict of interest arises involving relatives of individuals involved in a dating relationship who occupy positions at any level (higher or lower) in the same line of authority that may affect employment decisions. If a relationship becomes established after the beginning of employment of persons in a reporting relationship described above, it is the responsibility of the supervisor to disclose the relationship to management, who will take the matter to Human Resources and enact the recommended action(s).

3.7 BONDING REQUIREMENT

Under certain circumstances, ATSI may require that you be bonded. It is your responsibility to assure that you are bondable. ATSI will pay the cost of bonding. Should you fail to maintain these qualifications you will be subject to transfer to another position, if available or dismissal.

3.8 ORIENTATION

Upon beginning employment with ATSI, you will be provided orientation by the Human Resources Department and/or your supervisor. You will be provided with appropriate reading material on benefits and an Employee Handbook. You may bring any questions to the attention of your new supervisor or to Human Resources for assistance.

3.9 INTRODUCTORY PERIOD

All new employees are carefully monitored and evaluated for an initial Introductory Period of 90 days and are classified as Introductory Employees during this time. During this time, you will have an opportunity to learn about ATSI and your new position, and receive training and guidance from your new supervisor. Your supervisors will prepare a written evaluation of your job performance when the 90-day Introductory Period has been completed and review this with you. This initial evaluation will provide you with feedback and a roadmap toward your success with ATSI. Occasionally, an employee may have their Introductory Period extended, to give additional time for training and a more accurate evaluation of the match between the person and the duties. If this happens, a second evaluation will be performed at the end of the additional period.

3.10 EMPLOYEE DEFINITIONS

Based upon the conditions of your employment, you will be classified as one of the following types of employees:

Exempt

Employees not eligible for overtime pay per the Fair Labor Standards Act; their compensation is calculated on an annual basis.

Non-Exempt

Employees who are qualified for overtime pay; their compensation is calculated on an hourly basis.

Within each of the two classifications above, employees are further defined as:

Introductory Employee

A new employee who has not yet completed the Introductory Period

Regular Employee

An employee who has successfully completed the Introductory Period, is eligible for benefits, and whose employment is expected to last more than 90 days.

Temporary Employee

An employee who is hired for a period expected to last less than 90 days and is not eligible for benefits.

Term Employee

An employee who is hired to work on specific duties for a specific period of time, usually between 90 days and one year. Term employees may be either Exempt or Non-Exempt. Term employment lasting longer than one year must have the approval of the CEO.

Intern

An employee who is fulfilling an educational goal while also performing work for the Company

Full-time Employee

One who is normally scheduled to work 40 hours per week.

Part-time Employee

One who is normally scheduled to work less than 30 hours per week.

Independent Contractor/Consultant

Does not qualify as an employee

3.11 PERSONNEL FILES

ATSI will maintain personnel records that shall be kept in a confidential manner. Your personnel file may include but not be limited to:

- Application forms and materials, including position description and references;
- Compensation information;
- Performance evaluations; and
- Disciplinary records.

You may inspect and request copies of your personnel records, upon written request to the Human Resources Department or site supervisor, at a time which is mutually convenient. You are encouraged to review your personnel file annually for accuracy and completeness. The HR Manager or their designated representative must be present at all times during an employee's inspection of the file.

3.12 BUSINESS HOURS

Our regular operating hours vary from site to site, dependent on the contract. A schedule will be posted at each work site. You are expected to be present during these hours unless appropriately excused. However, your particular hours of work are subject to change and are determined by your supervisor.

3.13 ATTENDANCE AND SCHEDULING

Because ATSI depends heavily upon its employees, it is important that you attend work as scheduled. Dependability, attendance, punctuality, and a commitment to do the job right are essential at all times. As such, you are expected at work on all scheduled workdays and during all scheduled work hours and to report to work on time. Standard office hours at ATSI corporate office are: Monday – Friday, 8:00 – 5:00, Alaska time.

Moreover, you must notify your supervisor as far in advance as possible, but not later than four hours before your scheduled starting time if you expect to be late or absent. This policy applies for each day of your absence. If you fail to contact your immediate supervisor for three (3) consecutive days, you will be considered as having voluntarily resigned. A careful record of absenteeism and lateness is kept by your supervisor and becomes part of your Personnel File. To the extent permitted by law, absenteeism and lateness lessen your chances for promotion and may result in disciplinary action, up to and including termination.

3.14 LUNCH PERIODS

The scheduling of your meal period may be determined and assigned by your Supervisor. You may leave your assigned work area during this time. However, you must be prepared to begin work at the end of the meal period. Supervisors may alter the lunch schedules in order to provide adequate coverage during the lunch period.

3.15 REST PERIODS

You may take a 15 minute paid rest period for every four (4) hours worked. Employees may designate when these rest periods will occur and should be considered to include any breaks taken for smoking in designated areas. Rest periods/breaks should not seriously impact normal company operations, as determined by your supervisor.

3.16 TERMINATION OF EMPLOYMENT

ATSI hopes that you remain with the Company for a long time, but if it becomes necessary to make a change in your employment, we desire the transition to be smooth and professional.

3.16.1 Resignation

Although not required, ATSI requests that employees, whenever possible give two (2) weeks written dated notice prior to resignation.

3.16.2 Dismissal

As every employee of ATSI is "at will," all dismissals, other than for cause, will fall under this category. Dismissal for cause will eliminate the possibility of rehire and any severance package that may have otherwise been considered.

3.16.3 Mutual Agreement

In instances where both you and ATSI agree that it would be mutually beneficial to end the employment relationship, no set notification is required and a departure date may be informally agreed upon.

3.16.4 Reduction In Force

Should ATSI find it economically necessary or desirable to reduce the number of authorized positions or a given position, the Company may elect to issue a memorandum of work force reduction to affected employees. ATSI will conduct Reduction in Force according to corporate requirements. If you are affected by a work force reduction, you may be considered with other applicants for future job openings at ATSI.

3.16.5 Retirement

There is no mandatory retirement age. Continuation is subject to your ability to meet the usual physical and performance standards as demanded within your position description.

3.16.5 Exit Interview

Human Resources or the immediate supervisor will conduct an exit interview with any employee who resigns indicating the reason(s) why he/she resigned. This is an opportunity to tell us how the Company can better meet the needs of its employees, and we invite your comments.

3.16.6 References

ATSI's policy for employees who have already left its employment is to disclose only dates of employment with the Company, and the title of last position held. If you authorize disclosure in writing, the Company will also provide a prospective employer with information on the amount of the salary you last earned while employed by ATSI. All reference requests and authorizations are handled

through Human Resources, and other personnel, such as site managers, immediate supervisors, etc., are not permitted to give employment references.

IV. COMPENSATION

4.1 TIME RECORDING

You are responsible for accurately and properly recording your time worked, leave taken and submitting activity/time sheets in a timely manner to your supervisor. Particular care should be taken to assure that hours of duty are observed and reported accurately and that overtime earned is approved in advance.

The deliberate falsifying of work time or timecard fraud not only violates ATSI policy, it is also a crime under the laws and regulations relating to government and other contracts. Deliberate falsifying can subject the Company to penalties and debarment from participation in government contracting and can result in an offending employee being discharged and subject to criminal prosecution. Types of deliberate falsifying include:

- A person knowingly charges an unauthorized cost objective or account to obtain payment, compensation, or benefits to which they are not entitled, to avoid using the required paid-time off category (e.g. vacation, sick time, bereavement, etc.)
- Falsifying their work effort or daily/weekly labor distribution. This includes charging time to a wrong cost account or contract.

Examples of this type of falsifying include:

- Not showing late report time
- Showing lunch periods of 30 minutes when more time is taken
- Recording more hours than actually worked
- Recording any absence time as time worked
- Recording time missed as if those hours were actually worked
- Claiming overtime hours not worked
- Knowingly approving a falsified timecard

NOTE: Under no circumstances will another employee time stamp a timecard for another employee. Even if standing side-by-side, do not time stamp another card but your own. Any employee guilty of this will be given disciplinary action that may include termination of employment, civil action and appropriate civil penalties.

4.2 PAYROLL PERIOD/PAYCHECKS

Payroll is distributed on a bi-weekly basis on designated Fridays. If a payday falls on a holiday, payment shall be made on the last business day before the holiday. All payroll

transactions are done on a direct deposit basis into your designated checking or savings account. Payroll stubs with payment information will be distributed to you at your work location.

4.3 PAYROLL ADVANCES

It is the Company's policy not to grant advances.

4.4 PAYROLL DEDUCTIONS

Each pay period, your deductions will be listed with your check. Deductions include such legally-required items as social security and income tax deductions. ATSI may withhold any monies owed from your final paycheck.

4.4.1 Required Deductions

Social security contributions and income tax withholding are the two most common required deductions. These deposits are broken out into several categories on your check stub, and may vary somewhat throughout the year, as annual contribution levels are met. These deductions depend upon your earnings and your number of dependents, and are based on information furnished by you. If there are significant changes in your withholding status, such as a change in marital status or number of dependents in your household, you will need to complete a new W-4 form and submit it to Human Resources.

4.4.2 Voluntary Deductions

Other deductions are voluntary and are made only if authorized by you. These deductions include such items as your contribution for health insurance or the 401(k) plan. Again, the amounts of these deductions will depend upon your marital status and the number of dependents claimed by you. Details on the amounts of these voluntary deductions are available from benefits booklets or the Human Resources Department.

4.4.3 Garnishments

Garnishments are a nuisance to ATSI because of the processing costs, time involved and liability exposure to ATSI for an employee's personal debts.

No employee will be terminated because his or her earnings have been garnished for a single indebtedness. However, repeated garnishments for more than one indebtedness during any 12-month time period may result in discipline, up to and including termination, depending on the circumstances of the case and any restrictions under state law.

4.9 OVERTIME PAY

For purposes of overtime pay, positions are classified as defined by the Department of Labor. The Human Resources Manager, with the final approval from the President, will determine the status of each position. Overtime pay is not provided to employees considered exempt under the criteria established by the Fair Labor Standards Act. Non-exempt employees are paid time and one-half pay for all work defined as overtime by the specific state Wage and Hour laws where the employee is assigned or work is performed. In most cases, this is defined as any hours worked in excess of 40 in a workweek. Please see the required postings in your workplace or your site supervisor specific information for your work location.

The non-exempt employee's supervisor must approve overtime in advance. Overtime hours authorized are to be recorded and approved on a daily basis. As a policy, overtime will be kept to a minimum.

4.10 HOLIDAY PAY

Non-exempt employees, including Introductory Employees who are required by their supervisor to work on holidays will be paid the normal rate for the day plus a premium of one times the hourly rate for hours actually worked on the holiday. Such holiday work is to be approved by the Program Manager or Department Manager in advance. To receive holiday premium pay, an eligible employee must be at work or taking a pre-approved leave with pay absence on the workdays immediately preceding and immediately following the day on which the holiday is observed.

Temporary employees required to work on a holiday will not be paid the holiday premium, but the normal rate of pay for hours worked.

4.11 ABSENCE OR TARDINESS

From time to time it may be necessary for you to be absent from work. ATSI is aware that emergencies, illnesses or pressing personal business that cannot be scheduled outside your work hours may arise. Annual leave days have been provided for this purpose.

If you are unable to report for work, or if you will arrive late, please contact your supervisor immediately. Reports of expected tardiness or absence should be reported to your supervisor four (4) hours before your shift start time. Give him or her as much time as possible to arrange for someone else to cover your position until you arrive. If you know in advance that you will need to be absent, you are required to request this time off directly from your supervisor. He or she will determine when will be the most suitable time for you to be absent from your work.

When you call in to inform ATSI of an unexpected absence or late arrival, ask for your supervisor directly. For late arrivals, please indicate when you expect to arrive for work. Notifying the switchboard operator or a fellow-employee is not sufficient. If you are unable to call in yourself because of illness, emergency or for some other reason, be sure to have someone call on your behalf. If your supervisor is not available when you call, you may leave the information with another supervisor.

Frequent and chronic tardiness is subject to disciplinary action, including possible termination. Absence from work for three (3) consecutive days without notifying your manager or the personnel administrator will be considered a voluntary resignation.

4.12 PERFORMANCE APPRAISAL

The immediate supervisor will prepare a written evaluation of an employee's work performance each year at an employee's anniversary date, or more frequently as required. The performance evaluation is designed to improve the employee's understanding of his/her job and the standards of performance as well as to encourage employee development. Additionally, it may provide a basis for periodic or annual salary determinations.

The Human Resources Department will notify supervisors at least 30 days in advance of annual performance appraisal due dates. Performance appraisals are to be completed no later than the employee's anniversary-date. Retroactive salary increases will not be permitted without the prior approval of the President/CEO in special cases. Negligence on the part of a supervisor is not acceptable reason for retroactive pay increases.

The performance appraisal process takes place in three (3) stages:

1. At the completion of the 90 day Introductory period, the employee and supervisor will hold a session to set specific performance standards. The position description will serve as the basis for determining performance standards.
2. Employees' and supervisors' are encouraged to hold a second session to review progress to date, make necessary adjustments and identify problems and take corrective actions as necessary at approximately 12 months from the date of hire.
3. Following an employee's anniversary date, an annual evaluation will take place to discuss actual performance in relation to the previously established performance standards. In addition, the supervisor will also discuss and establish new goals for the upcoming year.

Any employee may be dismissed from employment for unsatisfactory work performance at any time.

The performance appraisal procedures discussed above are only guidelines. ATSI may, at its sole discretion, modify or revoke them in whole or in part at any time. Therefore, these procedures are not a promise or contract expressed or implied and ATSI retains the

right to determine whether and how they will be applied, depending on the circumstances.

4.13 PROMOTIONS

Upon promotion to a higher level position, an employee shall receive an appropriate salary increase. This is in recognition that the beginning salary in a higher level position is frequently higher than the upper ranges of the lower level position but will maintain original hire date as seniority date.

A promotion is justified when an individual is selected for a higher level or position or when through natural accretion of duties a promotion is recommended or through assignment or new responsibilities a reclassification is justified.

V. EMPLOYEE BENEFITS

5.1 BENEFITS

ATSI offers certain benefits to eligible employees. Benefits provided by ATSI are summarized in Appendix A to this Handbook, which is incorporated herein by reference.

5.2 GENERAL LEAVE POLICY

Leave shall be granted for sickness, for vacations or for other purposes as specified in this Handbook at the discretion of management. Employees shall record all leave and absence records accurately and consistently on time sheets designated for these purposes and on a leave request form as approved by a supervisor. These are two (2) categories of leave at ATSI:

5.2.1 Leave Definitions

Leave With Pay	Includes annual leave and holidays.
Leave Without Pay	When all accrued leave has been utilized, leave without pay can be authorized for absences that are approved in advance in the event of temporary disability, long-term military service or other approved purposes, including family or maternity leave and educational pursuits.

Except for leave related to an illness that occurs overnight, all leave is to be requested in advance. All annual leave should be requested on the appropriate leave request form as far in advance as possible, but not less than two (2) weeks prior to the beginning of the vacation period requested. Because of work requirement (e.g. customer commitments) it may be necessary from time to time to withhold approval of a requested vacation. Supervisors retain the right to decline requests at his/her discretion. However, whenever possible, supervisors will try to accommodate vacation requests.

Leave time does not accrue during periods of injury leave while receiving Worker's Compensation benefits, leave without pay, maternity leave, or leave relating to the Family and Medical Leave Act. The President/CEO must provide approval in writing for any leave arrangements outside of this policy.

Should you leave our employ, you will be paid for accrued, unused annual leave at the time of your termination. This payment will be included in your final paycheck and is subject to normal payroll tax deductions.

All employee benefits shall continue during paid leave, but they shall not continue during unpaid leave if unpaid leave continues consecutively for more than two (2) weeks (ten working days).

5.3 ANNUAL LEAVE

Annual vacation with pay is considered necessary for rest and relaxation. All employees are encouraged to take all vacations to which they are entitled and to take them during the calendar year in which they are earned. As a contract employee, you are granted two (2) weeks leave (80 hours) of paid vacation time, annually, on your anniversary.

ATSI encourages all employees to take at least one (1) continuous week five (5) days of earned vacation in a given year. Annual leave may be used as sick leave or vacation leave at your discretion. You are allowed to use any amount of annual leave at any time, up to the maximum you have available, so long as your leave is not detrimental to company operations, as determined by your supervisor.

No negative leave (borrowing on leave when all leave has been used) will be allowed. Employees who take more time off than they have hours of accrued annual leave will be placed on "leave without pay" or AWOL as appropriate.

ATSI may require an employee to take annual leave whenever, in its judgment, such action would be in the best interest of the employee or ATSI.

Annual Leave for part-time employees shall be calculated proportionately.

Any unused annual leave will be cashed out on the employee's next anniversary.

5.4 COURT/JURY DUTY LEAVE

Regular employees who must report for jury duty or who have been summoned as a witness will be excused from work upon submission of proper proof of a jury duty notice or a subpoena. Employees may continue to receive their regular scheduled pay depending upon the terms of their site contract. If your site contract allows it, in order to receive your regular pay, any jury/witness fees shall be submitted to the payroll department immediately upon receipt.

An employee on jury duty will be expected to work as much of his/her regularly scheduled shift as the jury duty schedule permits, to the extent that combined time on jury duty and at work does not exceed eight (8) hours on a given day.

5.5 MILITARY LEAVE

Up to two (2) weeks of annual training leave for members of the Reserve or National Guard; and up to one (1) month of paid leave for temporary emergency military duty may be paid.

The amount of pay for the military leave will be adjusted to deduct the military pay (excluding extras such as travel and subsistence, but before tax withholdings). Evidence of the amount of military pay will be required to calculate the appropriate amount of company leave payment.

5.5.1 Extended Military Leave (Unpaid)

A long-term, unpaid authorized military leave of absence (greater than 90 days, up to five (5) years) may be provided to the employee with re-employment rights as defined by the government and in accordance with the Uniformed Services Employment and Re-employment Rights Act.

The anniversary date of employees on an extended period of leave without pay, as defined below and exceeding 90 days, will change to the date they return to duty.

5.6 Family Medical Leave

For job sites where there are fifty (50) or more employees, ATSI participates in the Family Medical Leave Act of 1993, a federal job protection program that allows employees with serious health conditions of their own or of an immediate family member, pregnancy, childbirth or adoption, or the placement of a foster child to take up to twelve weeks (480 hours) of unpaid leave in a rolling calendar year. Employees must meet the eligibility standards for the leave to apply, and there may be on-going requirements to maintain eligibility. If you have or anticipate a serious health condition, or are expecting the birth adoption or placement of a foster child, please contact Human Resources for assistance with this valuable benefit program.

5.7 ADMINISTRATIVE LEAVE

The President/CEO in unusual circumstances may grant administrative leave with or without pay.

5.8 PAID HOLIDAYS

Regular full-time employees are eligible to receive their regular rate of pay for each observed holiday. Regular part-time employees are eligible to receive holiday pay only for holidays on which they normally would be scheduled to work and only for their regularly scheduled number of hours. Temporary employees, employees on leave without pay, or employees on layoff, are not eligible to receive holiday pay.

The recognized holidays are as follows:

New Years Day (January 1st)
Martin Luther King Day (3rd Monday in January)
President's Day (3rd Monday in February)
Memorial Day (last Monday in May)
Independence Day (July 4th)
Labor Day (1st Monday in September)
Columbus Day (2nd Monday in October)
Veterans Day (November 11th)
Thanksgiving Day (last Thursday in November)
Christmas Day (December 25th)

Personal leave should be requested on the appropriate leave form at least 14 days before the requested holiday. When a recognized holiday falls on a Sunday, the Monday following shall be recognized as the holiday and should a recognized holiday fall on a Saturday, the preceding Friday will be recognized as the holiday.

5.9 TRAINING AND DEVELOPMENT

Whenever possible, ATSI will provide you with opportunities for career development and advancement, both within and outside the corporation. Career planning should be specific to you to ensure that you have the opportunity to realize your full potential and should be an identifiable benefit to ATSI.

5.9.1 Training/Seminars

ATSI may provide you in-service training, within available resources. The training will provide you with the skills, training and experience necessary to obtain improved skills and current job performance and enable job progression and upward mobility.

5.9.2 Educational Expenses

ATSI may reimburse employees for pre-approved educational expenses (i.e. academic courses, seminars, training schools) taken to improve job-related skills, knowledge or abilities. Reimbursable expenses include: tuition, fees, books and out-of-town travel, lodging and meals and other related costs. You are encouraged to develop a schedule with your supervisor's approval for continuing education around normal working hours and productivity expectations.

5.10 INSURANCE PROGRAMS

ATSI has established a variety of employee insurance programs designed to assist you and your eligible dependents in meeting the financial burdens that can result from illness and disability, and to help you plan for retirement. This portion of the Employee Handbook contains a very general description of the benefits to which you may be entitled as an employee of ATSI.

Please understand that this general explanation is not intended to, and does not, provide you with all the details of these benefits. Therefore, this Handbook does not change or otherwise interpret the terms of the official plan documents. Your rights can be determined only by referring to the full text of the official plan documents, which are available for your examination from Human Resources. To the extent that any of the information contained in this Handbook is inconsistent with the official plan documents, the provisions of the official documents will govern in all cases.

Please note that nothing contained in the benefit plans described herein shall be held or construed to create a promise of employment or future benefits, or a binding contract between ATSI and its employees, retirees or their dependents, for benefits or for any other purpose. All employees shall remain subject to discharge or discipline to the same extent as if these plans had not been put into effect.

As in the past, ATSI reserves the right, in its sole and absolute discretion, to amend, modify or terminate, in whole or in part, any or all of the provisions of the benefit plans described herein, including any health benefits that may be extended to retirees and their dependents. Further, ATSI reserves the exclusive right, power, and authority, in its sole and absolute discretion, to administer, apply and interpret the benefit plans described herein, and to decide all matters arising in connection with the operation or administration of such plans.

For more complete information regarding any of our benefit programs, please refer to the Summary Plan Descriptions, which were provided to you separately or contact Human Resources. If you lose or misplace those descriptions, please contact Human Resources for another copy.

5.10.1 Medical Insurance

The ATSI medical insurance program provides you and your family with valuable assistance in paying for medical bills and provides a maximum stop-loss amount you may pay each calendar year for expenses. Details on the program are found in the Plan Booklet, which is available from Human Resources.

5.10.2 Dental Insurance

ATSI recognizes that proper oral hygiene contributes to overall health, and has included dental insurance as a part of its overall benefits program. Program specifics are found in the Plan Booklet, available from Human Resources.

5.10.3 Life Insurance

The ATSI life insurance program provides you and your family with valuable assistance and financial protection in the event of untimely death. Details on the program are found in the Plan Booklet, which is available from Human Resources.

5.10.4 Disability Insurance

The Company has included income replacement coverage in the benefits package to provide financial security for employees who are temporarily unable to work. The specifics of the long and short term plans, including waiting and benefit periods, are located in the Plan Booklets.

5.10.5 Worker's Compensation

The Company provides Workers Compensation insurance coverage to all employees, that pays for medical expenses for illness or injuries sustained while on the job. If you are injured outside of the workplace, while on ATSI business, your illness or injuries may be covered by Workers Compensation, as well as other personal insurance benefits you may have in force at the time of the incident. Workers Compensation insurance premiums are paid by the Company and vary by workers compensation industry position classification.

5.10.6 Unemployment Insurance

As required by state statutes, ATSI provides for and participates in the state of Unemployment Insurance program. Both the employee and the employer make contributions to the state unemployment insurance (ESC) fund. Your contribution rate is adjusted annually. ATSI's contribution rate varies based on the unemployment claim history of previous employees. For employees working outside of Alaska, ATSI will comply with the applicable laws of that state or territory, and other terms as may be dictated by the particular contract.

5.11 RETIREMENT INCOME PLANNING

To support your personal retirement planning efforts, ATSI participates in the Ahtna corporate 401(k) retirement program. Eligibility and details of participation are found in the Plan Booklet.

VI. CLOSING

Many ATSI policies and employment benefits have been summarized or discussed only briefly in this Handbook and this Handbook cannot anticipate every situation or answer every question about employment. As indicated earlier, ATSI maintains management policy directives, and where there is any conflict between this guide and current management policy directives, such directives will be controlling. .

Any suggestions for improvement of Company policies are always welcome, and it is the intent of ATSI to encourage employee recommendations that will benefit employment relations. As we grow, and add more contracts, we will of course update and revise this guide to reflect the individual client site particulars. We will certainly welcome everyone's help along the way! Should you have any questions concerning your employment with ATSI, you should always feel free to address those questions to your ATSI Manager or Site Supervisor.